

Message Text

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ACTION EA-12

INFO OCT-01 AF-10 ARA-10 EUR-12 NEA-10 IO-13 ISO-00
AID-05 CEA-01 CIAE-00 COME-00 EB-08 FRB-03 INR-07
NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 SS-15 OIC-02 INT-05 GSA-02
PRS-01 PA-01 /135 W

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P R 090515Z DEC 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 5452

INFO AMEMBASSY ANKARA

AMEMBASSY BELGRADE

AMEMBASSY CANBERRA

USMISSION GENEVA

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY LUSAKA

AMEMBASSY MANILA

AMEMBASSY MEXICO CITY

AMEMBASSY NOUAKCHOTT

AMEMBASSY OTTAWA

AMEMBASSY PORT MORESBY

AMEMBASSY SANTIAGO

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

AMEMBASSY LONDON

AMEMBASSY PARIS

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PARIS FOR OECD

E.O. 11652: N/A

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TAGS: EMIN, CIPEC, ID

SUBJECT: CIPEC MINISTERIAL MEETING, JAKARTA, DECEMBER 5-7

1. SUMMARY: DUE TO CHILEAN OPPOSITION, THE CIPEC CONFERENCE,
HELD IN JAKARTA DECEMBER 5-7, CLOSED WITHOUT TAKING ANY DECISION
ON ZAMBIAN PROPOSAL FOR COPPER PRODUCTION CUTBACK. IN PRESS
CONFERENCE HELD WITHOUT NOTIFYING CIPEC SECRETARIAT, ZAMBIA

MINISTER OF MINES ANNOUNCED THAT PERU, ZAIRE, AND ZAMBIA HAVE AGREED IN PRINCIPLE TO CUT BACK IN PRODUCTION TO HELP BRING ABOUT BALANCE BETWEEN SUPPLY AND DEMAND.
END SUMMARY.

2. CIPEC MINISTERS MEETING WAS HELD IN JAKARTA DECEMBER 5-7. MEETING WAS ATTENDED BY CIPEC FULL MEMBERS: CHILE, INDONESIA, PERU, ZAIRE, AND ZAMBIA; ASSOCIATE MEMBERS: AUSTRALIA, PAPUA NEW GUINEA, AND YUGOSLAVIA; AND OBSERVERS FROM BOLIVIA, CANADA, IRAN, MALAYSIA, MEXICO, NORWAY, AND THE PHILIPPINES. THERE WERE ALSO OBSERVERS FROM UNCTAD, UNIDO, IBRD, AND THE INTERNATIONAL TIN ASSOCIATION (PETER LAI). CIPEC MEMBER MAURITANIA DID NOT ATTEND.

3. ZAMBIAN MINISTER OF MINES CHINKULI CALLED ON CIPEC TO MEET THE CHALLENGE OF CURRENT COPPER OVER SUPPLY BY CUTTING BACK ON PRODUCTION AND SALES. ZAMBIAN PROPOSAL RECEIVED GENERAL SUPPORT, EXCEPT FOR CHILE WHICH REMAINED SILENT IN PLENARY, AND STRONGLY RESISTED THE PROPOSAL IN PRIVATE SESSION. INDONESIA, ALONG WITH SEVERAL OTHER MODERATE CIPEC MEMBER COUNTRIES, ALTHOUGH SUPPORTIVE OF THE ZAMBIAN PROPOSAL, TRIED TO BRIDGE THE DIFFERENCES, AND THE CIPEC PRESS STATEMENT SAID, "WITH REGARD TO THE STABILIZATION OF COPPER PRICES, A DISCUSSION TOOK PLACE ON THE SUBJECT OF SUPPLY MANAGEMENT. THOUGH THERE WAS GENERAL AGREEMENT THAT PRODUCING COUNTRIES MUST TAKE LIMITED OFFICIAL USE

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THE NECESSARY STEPS TO RE-ESTABLISH IN 1978 THE BALANCE BETWEEN SUPPLY AND DEMAND, NO DECISION WAS MADE ON WAYS TO ACHIEVE THIS OBJECTIVE." CHINKULI, WITHOUT INFORMING THE CIPEC SECRETARIAT, THE HOST INDONESIAN GOVERNMENT, OR THE CHILEAN DELEATION, HELD HIS OWN PRESS CONFERENCE AND ANNOUNCED THAT PERU, ZAIRE, AND ZAMBIA HAVE AGREED IN PRINCIPLE TO A CUTBACK IN PRODUCTION TO HELP BRING ABOUT A BALANCE BETWEEN SUPPLY AND DEMAND.

4. THE CONFERENCE DECIDED THAT FUTURE SECRETARIES GENERAL OF CIPEC SHALL BE NATINALS OF FULL MEMBER COUNTRIES, THAT APPOINTMENTS WILL BE FOR A PERIOD OF TWO YEARS, RENEWABLE FOR A MAXIMUM OF TWO YEARS, AND THAT THE SECGEN SHALL BE APPOINTED ON A ROTATIONAL BASIS IN ALPHABETICAL ORDER BEGINNING WITH CHILE.

5. THE MARKETING COMMITTEE OF CIPEC PROPOSED THAT THE CONFERENCE OF MINISTERS GIVE THE CIPEC CHAIRMAN A MANDATE TO ESTABLISH WITH THE EC, JAPAN, AND THE U.S. THE "NECESSARY BASES FOR OUTLINING THE MAJOR ASPECTS OF A POSSIBLE AGREEMENT AT THE THIRD PREPARATORY MEETING". THE CONFERENCE DOCUMENTS DO NOT RPT NOT SHOW THAT THIS

RECOMMENDATION WAS APPROVED, BUT A CANADIAN DIPLOMAT WHO ATTENDED AS AN OBSERVER BELIEVES THAT IT WAS. WE SHALL TRY TO CONFIRM THIS.

6. THERE WAS A GOOD DEAL OF RHETORICAL CRITICISMS BY VARIOUS DELEGATES ABOUT THE "FAILURE OF THE NORTH/SOUTH

DIALOGUE", ESPECIALLY FOCUSING ON THE BREAKDOWN OF THE COMMON FUND MEETING.

7. INDONESIAN MINISTER OF MINES SADLI TOLD DCM THAT ALTHOUGH DELEGATES HAD INFORMALLY DISCUSSED RIO TINTO ZINC PROPOSAL FOR LOANS IN EXCHANGE FOR COPPER PRODUCERS CUTBACKS, IT HAD NOT BEEN OFFICIALLY DISCUSSED WITHIN LIMITED OFFICIAL USE

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CONFERENCE AND HE (SADLI) FOR ONE WAS NOT ACTUALLY FAMILIAR WITH THE DETAILS OF THE RIO TINTO PROPOSAL. CONFERENCE HAD IN FACT BEEN COMPLETELY DOMINATED BY ZAMBIAN AND CHILEAN CONFLICT.

8. MEETING ADJOURNED RATHER DISPIRITEDLY. WE SHALL POUCH CONFERENCE DOCUMENTS.
MASTERS

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